

FACT SHEET:

Bush Budget Abandons Rural Communities

Even as middle-class Americans are struggling to achieve financial security, the Bush budget ignores the very real challenges they are facing. It fails to create jobs, and instead creates record deficits. It shortchanges education, health care, veterans' benefits, and small business. Instead of helping working families, including the 49 million Americans who live in rural counties, it provides additional tax breaks for those who need them least, and billions of dollars in new giveaways to HMOs and other wealthy corporate interests.

Reckless Republican policies create record deficits. The President's reckless disregard for fiscal responsibility has led to a \$521 billion deficit in FY 2004. If the budget were to be balanced this year, the average taxpayer would have to pay an additional \$1,766 -- a deficit tax -- to cover the gap. The Republicans' massive tax cuts for the wealthy and their handouts to corporate interests have created record deficits that threaten our economy.

Agriculture funding takes one of the biggest hits. The President's budget cuts agriculture funding by eight percent. Rural communities face poverty rates, unemployment rates, and housing problems at a rate similar to the nation's big cities. Despite this, the President's budget strips important assistance for rural development initiatives that create jobs and economic growth; slashes rural housing loans; cuts rural health and education; and cuts farm conservation and farm-based renewable energy.

Cuts Rural Business Assistance programs by \$31 million – a 20 percent cut. The President's budget cuts funding for rural business enterprise grants by \$8 million, which help rural communities develop land, encourage small businesses and create new jobs. The President's budget also cuts funding for the rural development loan fund, which provides revolving loan funds to small rural businesses, by \$6 million, a cut of 15 percent. And it slashes \$65 million in Farm bill funding for rural business investment – an 81 percent cut.

Rural education shortchanged. The President's budget proposes to freeze funding for rural education, even though one-third of children attend public schools in towns or cities with less than 25,000 people.

Cuts rural development by \$244 million. The President's budget cuts funding for rural economic development by \$244 million – a 10 percent cut.

Slashes water and sewer assistance grants by \$218 million. Smaller cities and towns in rural America that need assistance to provide rural residents with safe water and sewer service would see a 39 percent cut in funding. In addition, the HHS rural community facilities program, which supports wastewater treatment in low-income communities, is eliminated even though more than 3 million households in the rural U.S. continue to have inadequate or no water or sewer service.

Slashes rural health activities by \$91 million. The Bush budget slashes rural health activities by \$91 million this year, a cut of 64 percent. This budget eliminates the \$39 million rural health flexibility grant program and drastically cuts rural health outreach grants, used to expand clinical services in rural areas.

Eliminates distance learning and Telemedicine Grants and Loans. The Bush budget eliminates distance learning and telemedicine guaranteed loans, and cuts grants for distance learning and telemedicine. These programs would have expanded the availability of health care in 190 rural medical service facilities and educational resources in 556 rural schools.

Cuts in broadband assistance. Under the President's budget, broadband assistance guaranteed loans would be slashed by approximately \$271 million, with broadband telecommunications grants eliminated entirely. Broadband high-speed telecommunications service helps link rural America to the digital economy, and yet less than five percent of towns of 10,000 or less have access to either broadband or cable technology, compared to 56 percent of cities with populations over 100,000.

Eliminates Rural Empowerment Zones. The budget eliminates all funding – a cut of \$13 million – for rural empowerment zones, which revitalize economically distressed areas and attract private investment. Grants to develop new markets for crops, food processing or meat products, and to build businesses, such as ethanol plants, would be eliminated, even though the Farm bill called for \$80 million.

Cuts Community Facility Loans. The President's budget cuts direct loans for community facilities by \$200 million. These loans support the building of critical facilities like fire houses and senior centers.

Zeroes out funding for rural housing and economic development. For the second year in a row, the budget eliminates this \$25 million program, which helps local and community based organizations address the housing and economic development needs of rural populations.

Slashes funding for rural housing loans. There is a shortage of affordable, decent housing in rural communities, with 25 percent of these households overburdened by housing costs. The President's budget cuts rural housing direct loans by \$251 million – almost 20 percent – and reduces the loan volume for Section 515 multi-family housing by \$56 million, or 48 percent.

Cuts \$52 million in funding for the Essential Air Service Program – a 50 percent cut. The President's budget slashes funding from the Essential Air Service program, which is designed to keep air service available to 125 remote communities. This will force some remote airports to pay part of the costs of commuter flights to hubs, and others to pick up the entire tab. In addition, the President eliminates funds for the Small Community Air Service Program, which helps 40 communities struggling with from infrequent service and high airfares.

Cuts Farm Conservation. The Administration would cut \$40 million from the Conservation Security Program, which provides payments to all farmers to protect their land, air, and water. This cut would exclude many farmers and ranchers from this new comprehensive conservation program.

Cuts farm-based renewable energy programs and environmental programs. The budget underfunds farm-based renewable energy, such as ethanol, biodiesel and windpower, by \$50 million. It eliminates new loan guarantees that help farmers, ranchers, and small businesses to purchase renewable energy systems, and cuts the Environmental Quality Incentives Program, which helps livestock producers control pollution from manure and farm runoff, by \$200 million.

